

## Federal Retirement Thrift Investment Board

## § 1655.6

### § 1655.1 Definitions.

(a) Definitions generally applicable to the Thrift Savings Plan are set forth at 5 CFR 1690.1.

(b) As used in this part:

*Amortization means* the reduction in a loan by periodic payments of principal and interest according to a schedule of payments.

*Date of application means* the day on which the TSP record keeper receives the loan application, either electronically on the TSP Web site or on Form TSP-20 or Form TSP-U-20.

*General purpose loan means* any TSP loan other than a loan for the purchase or construction of a primary residence.

*Guaranteed funds means* a cashier's check, money order, certified check (i.e., a check certified by the financial institution on which it is drawn), cashier's draft, or treasurer's check from a credit union.

*Loan issue date means* the date on which the TSP record keeper disburses funds from the participant's account for the loan amount.

*Loan repayment period means* the time over which payments that are required to repay a loan in full are scheduled.

*Principal or principal amount means* the amount borrowed by a participant from his or her individual account, or, after reamortization, the amount financed.

*Reamortization means* the recalculation of periodic payments of principal and interest.

*Residential loan means* a TSP loan for the purchase or construction of a primary residence.

*Taxable distribution means* the amount of outstanding principal and interest on a loan which must be reported to the Internal Revenue Service as taxable income as a result of the failure of a participant to repay a loan in full, according to the terms of the loan agreement.

### § 1655.2 Eligibility for loans.

A participant who is eligible to contribute to the TSP and who is in pay status is eligible to apply for a loan from his or her TSP account. Only a participant who has at least \$1,000 in employee contributions and attributable earnings in his or her account

may receive a loan (subject to the other terms and conditions set forth in this part). A participant who is separated from Government service may not receive a loan from his or her TSP account.

### § 1655.3 Information concerning the cost of a loan.

Information concerning the cost of a loan is provided in the booklet TSP Loan Program (available on the TSP Web site, from the participant's personnel office or service, or from the TSP record keeper). From this information, a participant can determine the effects of a loan on his or her final account balance and can compare the cost of a loan to that of other sources of financing.

### § 1655.4 Number of loans.

A participant may have no more than two loans outstanding from his or her TSP account at any time. Only one of the two outstanding loans may be a residential loan. A participant with both a civilian TSP account and a uniformed services TSP account may have two outstanding loans from each account.

### § 1655.5 Loan repayment period.

(a) *Minimum.* The minimum repayment period a participant may request for a loan is one year of scheduled payments.

(b) *Maximum.* The maximum repayment period a participant may request for a general purpose loan is five years of scheduled payments. The maximum repayment period a participant may request for a residential loan is 15 years of scheduled payments.

### § 1655.6 Amount of loan.

(a) *Minimum amount.* The initial principal amount of any loan may not be less than \$1,000.

(b) *Maximum amount.* The principal amount of a new loan must be less than or equal to the smallest of the following:

(1) The portion of the participant's individual account balance that is attributable to employee contributions and attributable earnings (not including any outstanding loan principal);